

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6439

BILL NUMBER: SB 193

DATE PREPARED: Dec 14, 2001

BILL AMENDED:

SUBJECT: Annexation of Agricultural Land.

FISCAL ANALYST: Bob Sigalow

PHONE NUMBER: 232-9859

FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: This bill adds the town of Fortville to the municipalities that may exempt annexed agricultural land from property tax liability until the land is rezoned a different classification. The bill also updates population parameters to reflect changes in the 2000 decennial Census.

Effective Date: July 1, 2002.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Under current law, all Lake County municipalities and Plainfield, Avon, Michigan City, and Westfield may annex property classified as agricultural and exempt that property from the municipality's portion of property taxes until the property's classification is changed. This bill would allow the Town of Fortville to do the same.

Agricultural land has a relatively low value for property tax purposes. Exemptions of this type of property from property taxes would not represent very much valuation. This provision would not reduce the property tax base for those taxing units that currently serve the property. The provision would, however, keep the value of this property from being added to the municipality's tax base. The exemption would prevent the shifting of municipal property taxes onto agricultural land. Total local revenues would not be affected.

The town could annex agricultural property in anticipation of a future project. A building project could ultimately have a positive fiscal impact in and surrounding the town.

State Agencies Affected:

Local Agencies Affected: Town of Fortville.

Information Sources: